

## ACCOUNTANCY EXAMINING BOARD[193A]

### Notice of Intended Action

**Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”**

**Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.**

Pursuant to the authority of Iowa Code section 542.4, the Accountancy Examining Board hereby gives Notice of Intended Action to amend Chapter 6, “Attest and Compilation Services,” Chapter 7, “Certified Public Accounting Firms,” Chapter 13, “Rules of Professional Ethics and Conduct,” Chapter 20, “Practice Privilege for Out-of-State Certified Public Accountants,” and Chapter 21, “Practice Privilege for Out-of-State Certified Public Accounting Firms,” Iowa Administrative Code.

The proposed amendment to subrule 6.1(3) clarifies who may exercise a practice privilege in Iowa pursuant to Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122.

The proposed amendment to subrule 7.1(1) ensures that the rules are consistent and comply with Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122. Proposed new subrule 7.1(6) clarifies when an out-of-state firm may exercise a practice privilege pursuant to Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122.

The proposed amendment to subrule 13.6(2) clarifies what an out-of-state CPA firm may or may not do in Iowa under the practice privilege, in compliance with Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122.

The proposed amendment to subrule 20.5(1) clarifies what an out-of-state individual CPA may or may not do in Iowa with regard to attest and compilation services, in compliance with Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122. Proposed new subrule 20.5(3) clarifies who may review financial statements for a client in Iowa or for a client with a home office in Iowa pursuant to Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122.

The proposed amendments to subrules 21.3(2) and 21.5(1) modify the services a firm may perform without Iowa licensure pursuant to Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122. Proposed new subrule 21.5(3) clarifies when a peer review must be completed in compliance with Iowa Code section 542.7.

Consideration will be given to all written suggestions or comments on the proposed amendments received no later than 4:30 p.m. on August 28, 2012. Comments should be addressed to Toni Bright, Accountancy Examining Board, 1920 SE Hulsizer Road, Ankeny, Iowa 50021. E-mail may be sent to [toni.bright@iowa.gov](mailto:toni.bright@iowa.gov).

A public hearing will be held on August 28, 2012, at 9 a.m. in the Second Floor Professional Licensing Conference Room, 1920 SE Hulsizer Road, Ankeny, Iowa, at which time persons may present their views on the proposed amendments either orally or in writing. At the hearing, any person who wishes to speak will be asked to give the person’s name and address for the record and to confine remarks to the subject of the proposed amendments.

These amendments do not have any fiscal impact to the state of Iowa.

These amendments are subject to waiver or variance pursuant to 193—Chapter 5.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code chapters 17A, 272C and 546 and Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122.

The following amendments are proposed.

ITEM 1. Amend subrule 6.1(3) as follows:

**6.1(3)** CPAs performing attest services, whether certified in Iowa or exercising a practice privilege, must do so in a CPA firm that holds a permit to practice pursuant to Iowa Code section 542.7. However,

a CPA exercising a practice privilege who works for an out-of-state CPA firm that does not hold a permit to practice under Iowa Code section 542.7 may provide review services in Iowa or for a client with a home office in Iowa as long as the firm complies with Iowa Code section 542.20, subsections 5 and 6, as amended by 2012 Iowa Acts, Senate File 2122, and associated rules.

ITEM 2. Amend subrule 7.1(1) as follows:

**7.1(1)** A Except as provided in subrule 7.1(6), a sole proprietorship, corporation, partnership, limited liability company, or any other form of organization shall apply for a permit to practice as a firm of certified public accountants prior to:

*a.* Performing or offering to perform audit, review or other attest services in Iowa or for a client with a home office in Iowa; or

*b.* Establishing an office in Iowa at which the firm uses the title “CPAs,” “CPA firm,” “certified public accountants,” or “certified public accounting firm.”

ITEM 3. Adopt the following new subrule 7.1(6):

**7.1(6)** An out-of-state CPA firm exercising a practice privilege may perform review services in Iowa or for a client with a home office in Iowa without first obtaining a firm permit to practice in Iowa as long as the firm complies with Iowa Code section 542.20, subsections 5 and 6, as amended by 2012 Iowa Acts, Senate File 2122, and associated rules.

ITEM 4. Amend subrule 13.6(2) as follows:

**13.6(2)** *Practice privilege.* All audit, review, and other attest services performed in Iowa or for a client with a home office in Iowa must be performed through a CPA firm that holds an active Iowa firm permit to practice; provided that, an out-of-state CPA firm exercising a practice privilege may perform review services in Iowa or for a client with a home office in Iowa without first obtaining a firm permit to practice in Iowa as long as the firm complies with Iowa Code section 542.20, subsections 5 and 6, as amended by 2012 Iowa Acts, Senate File 2122, and associated rules. Unless Iowa certification is specifically required by a governmental body or client, the individual CPAs performing such attest services may either hold an active Iowa CPA certificate or exercise a practice privilege as more fully described in Iowa Code section 542.20 as amended by 2012 Iowa Acts, Senate File 2122. LPAs and LPA firms are not authorized to perform attest services.

ITEM 5. Amend subrule 20.5(1) as follows:

**20.5(1)** Individuals providing audit, review or other attest services in Iowa or for a client with a home office in Iowa must practice through a CPA firm that holds an active permit to practice pursuant to Iowa Code section 542.7; provided that, an out-of-state CPA firm exercising a practice privilege may perform review services in Iowa or for a client with a home office in Iowa without first obtaining a firm permit to practice in Iowa as long as the firm complies with Iowa Code section 542.20, subsections 5 and 6, as amended by 2012 Iowa Acts, Senate File 2122, and associated rules.

ITEM 6. Adopt the following new subrule 20.5(3):

**20.5(3)** Individuals who provide reviews of financial statements, as provided in Iowa Code section 542.3, subsection 1, in Iowa or for a client with a home office in Iowa must provide such services through a certified public accounting firm that is validly licensed in the state of its principal place of business and that complies with the peer review and ownership provisions of Iowa Code section 542.7.

ITEM 7. Amend subrule 21.3(2) as follows:

**21.3(2)** Iowa licensure is required if:

*a.* The firm performs or offers to perform audit, review or other attest services, other than review services, in Iowa or for a client with a home office in Iowa; or

*b.* The firm has one or more offices in Iowa at which the firm uses the title “CPAs,” “CPA firm,” “certified public accountants,” or “certified public accounting firm.”

ITEM 8. Amend subrule 21.5(1) as follows:

**21.5(1)** ~~Audit, review or other attest~~ Attest services, other than review services, must be performed in Iowa or for a client with a home office in Iowa by a CPA firm that holds an active permit to practice under Iowa Code section 542.7.

ITEM 9. Adopt the following **new** subrule 21.5(3):

**21.5(3)** CPA firms providing review services in Iowa or for a client with a home office in Iowa must comply with the peer review and ownership provisions of Iowa Code section 542.7.